Canadian Radio-television and Telecommunications Commission
Conseil de la radiodiffusion et des télécommunications canadiennes
Canada

News Release

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COMPETITION AND CULTURE ON CANADA'S INFORMATION HIGHWAY: MANAGING THE REALITIES OF TRANSITION

OTTAWA/HULL -- The CRTC today recommended steps to accelerate lasting competition in the delivery of electronic information and programming services to Canadians. It also suggested new ways of keeping Canada on its own broadcasting system with strong Canadian programming.

"We've received a clear message that consumers want greater choice and we believe that they should have it," said CRTC Chairman Keith Spicer. "Hundreds of Canadians who participated in our public processes also said that they want more windows on their own communities, as well as on the world, and the CRTC will actively support these objectives."

"The Commission has already taken bold steps to increase competition in the delivery of broadcasting and telecommunications services, and it continues to share the vision of Government that further competition will stimulate choice, innovation and growth. We are not looking for ways to slow competition -- we'll be looking for ways to hasten it."

"It is essential that barriers to competition arising as a result of the monopoly power or dominant position of telephone and cable companies be reduced. More choice should also be allowed in how programming services are packaged and distributed," Mr. Spicer affirmed.

"If the future is to be driven by competition and technology, then we must ensure that it is fair and sustainable competition -- that is, lasting. We must get beyond slogans and recognize the realities of competition in Canada and manage this transition imaginatively and sensibly or we will end up with one or two mega-corporations controlling the creation and dissemination of information and entertainment," said Mr. Spicer. "We believe in competition that will benefit consumers and entrepreneurs in the long-term, not just for a year or two until one industry or competitor annihilates its rivals."

"A more competitive model for both distribution and programming services must also take into account Canadian realities. If Canadians are to benefit from increased choice, entry should be managed in a manner that contributes to the Canadian broadcasting system and the development of quality programming," Mr. Spicer explained. "The citizens of Canada are more than just consumers. They are also and first of all Canadians, and as such they want to see Canadian values reflected in the programming and information available to them."

The Commission's report to the Government on policy issues related to the information highway follows an intensive seven-month public consultation process during which the CRTC received 1,085 written comments and 78 participants intervened at a month-long oral public hearing in March. This public process was instituted pursuant to an Order in Council issued by the Government on October 11, 1994.

In preparing its report, the Commission has been guided by a number of key

principles, including:

- Fair and sustainable competition requires that consumers have increased choice among distributors of telecommunications and broadcasting services, including cable, telephone, wireless, direct-to-home (DTH) satellite and others.
- Barriers to competition in distribution must be removed so that both the public and content providers have affordable and non-discriminatory access to all distribution systems.
- New programming services must contribute to increasing choice, diversity and innovation.

The Commission recommends that there be no mandated transitional period before introducing full competition in the delivery of telecommunications and broadcasting services to Canadians. As indicated in the report, factors such as technology and market forces will create a natural transition period of about three to four years before telephone companies begin to establish any significant presence in the cable market. "However," Mr. Spicer said, "telephone companies should be permitted to enter the cable business as soon as inherent barriers to effective competition in local telephony are reduced. And we support, without delay, applications by other potential programming distributors."

"We also support increased competition in programming. Video-on-demand services should be eligible for licensing as soon as non-preferential video-dial-tone tariffs are filed and approved," Mr. Spicer added.

The report proposes mechanisms designed to remove existing barriers to competition, as well as safeguards to prevent anti-competitive practices and to ensure equitable access to the information highway. For example:

- Implementation of the open access policy adopted in the Commission's Regulatory Framework Decision of September 1994 is a precondition to effective competition in the local telephone market and in all markets on the information highway. This policy is characterized by liberalized interconnection, co-location and unbundling requirements.
- Programming services should be produced and distributed by separate companies to prevent preferential access to distribution networks and to ensure diversity and choice. (Structural separation, however, would not be required for non-programming services such as on-line services, home banking and Internet access.)
- Cable company affiliates should not generally be authorized to operate, own or control programming services, other than over-the-air radio and television services, until there is sufficient capacity on cable networks and comprehensive access rules are in place to prevent preferential treatment.

Increased reliance on market forces, however, must take into account the other objectives of broadcasting and telecommunications legislation from which the CRTC derives its mandate. The *Broadcasting Act* states that:

"the Canadian broadcasting system should encourage the development of Canadian expression by providing a wide range of programming that reflects Canadian attitudes, opinions, values and artistic creativity, by displaying Canadian talent in entertainment programming and by offering information and analysis concerning Canada and other countries from a Canadian point of view..." (Section 3).

The Canadian telecommunications policy has, as its objectives, to facilitate the development of a system that serves "*to safeguard, enrich and strengthen the social and economic fabric of Canada and its regions*" and "*to render reliable*

and affordable telecommunications services of high quality accessible to Canadians in both urban and rural areas..." (Section 7 of the *Telecommunications Act*).

The Commission, therefore, recommends the following:

- Some form of subsidization, as well as cooperation between governments and shared use of network infrastructures by distributors, will be necessary in order to deliver the benefits of the information highway to every region in Canada, particularly in remote and underserved areas.
- Programming services should continue to be licensed in a manner that takes into account market size and ensures that existing and future producers have sufficient resources to produce quality Canadian programming.
- All broadcasting undertakings should make equitable and appropriate contributions to the production and distribution of Canadian cultural-content products and services.

"It is essential that we maintain a Canadian broadcasting system offering quality programming which reinforces the sovereignty of our country and our own cultural identity," Mr. Spicer concluded.

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Copies of the Commission's report *Competition and Culture on Canada's Information Highway: Managing the Realities of Transition* are available through the public examination room at any of the following CRTC offices:

City	Telephone	TDD	Fax
Halifax	902-426-7997	902-426-6997	902-426-2721
Montreal	514-283-6607	514-283-8316	514-283-3689
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Toronto	416-954-6273	416-954-8420	416-954-6343
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